

DOCKET SECTION

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TREWORY TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE (OCA/USPS-T22-12)

The United States Postal Service hereby provides the response of witness Treworgy to the following interrogatory of the Office of the Consumer Advocate: OCA/USPS-T22-12. Presiding Officer's Ruling No. R97-140 specified October 17 as the date for filing this response.¹

The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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October 17, 1997

¹Presiding Officer's Ruling No. R97-1 also addressed responses to three parts of interrogatory OCA/USPS-T22-20. A motion for extension of time to file those responses is being filed contemporaneously with this response.

U.S. POSTAL SERVICE WITNESS DAVID E. TREWORGY
RESPONSE TO PRESIDING OFFICER'S RULING NO. R97-1/40

Page 1 of 1

OCA/USPS-T22-12. Please refer to your Worksheet C-1 and C-2, concerning the scanning infrastructure capital and program costs and the distribution key for volume variable costs. Please update your Worksheet C-1 and C-2 to reflect the \$218 million contract awarded to Lockheed Martin.

RESPONSE:

Pursuant to Presiding Officer's Ruling No. R97-1/40, updated Worksheets C-1 and C-2 are attached.

Worksheet C-1 (revised in response to Presiding Officer's Ruling No. R97-1/40)

Scanning Infrastructure Capital and Program Costs

(in thousands)

Capital costs	Test year costs ¹	Attribution of costs	Volume variable with respect to delivery confirmation	Distribution of costs
Information systems	\$14,886.4	Not volume variable	\$0.0	No attributable costs to distribute
Carrier scanners	\$25,763.1	Variable with overall carrier cost system (CS 6, 7, and 10)	\$25,763.1	Overall carrier cost system (CS 6, 7, and 10)
Box section scanners	\$4,099.2	Not volume variable	\$0.0	No attributable costs to distribute
Support for carrier scanners	\$97.9	Variable with overall carrier cost system (CS 6, 7, and 10)	\$97.9	Overall carrier cost system (CS 6, 7, and 10)
Support for box section scanners	\$15.6	Not volume variable	\$0.0	No attributable costs to distribute
Miscellaneous	\$1,058.7	Not volume variable	\$0.0	No attributable costs to distribute
Total capital costs	\$45,920.9		\$25,861.0	

Program costs	Test year costs ¹	Attribution of costs	Volume variable with respect to delivery confirmation	Distribution of costs
Information systems	\$64,723.5	Not volume variable	\$0.0	No attributable costs to distribute
Carrier scanner support and maintenance	\$9,259.7	Variable with overall carrier cost system (CS 6, 7, and 10)	\$9,259.7	Overall carrier cost system (CS 6, 7, and 10)
Box section scanner support and maintenance	\$1,473.3	Not volume variable	\$0.0	No attributable costs to distribute
Call center development	\$183.2	Not volume variable	\$0.0	No attributable costs to distribute
Training	\$22,032.9	Not volume variable	\$0.0	No attributable costs to distribute
Miscellaneous	\$22,558.0	Not volume variable	\$0.0	No attributable costs to distribute
Total program costs	\$120,230.6		\$9,259.7	

Total capital and program costs **\$166,151.5**

\$35,120.7
Notes¹ USPS Marketing Department.

Worksheet C-2 (page 1 of 2) revised in response to Presiding Officer's Ruling No. R97-1/40

Distribution Key for Volume Variable Scanning Infrastructure Capital and Program Costs

(In thousands)

Rate category	CS 6 & 7 ¹	CS 10 ¹	Total CS 6, 7, & 10	Distribution key	Distributed amount
First-Class Mail:					
Letters & parcels	1,873,760	296,468	2,170,228	14.63%	\$5,136.6
Presort ltr & parcel	1,018,479	263,567	1,282,046	8.64%	\$3,034.4
Single piece cards	89,369	19,248	108,617	0.73%	\$257.1
Presort prvt p cs	36,403	11,053	47,456	0.32%	\$112.3
Total First	3,018,011	590,336	3,608,347	24.32%	\$8,540.4
Priority Mail	107,436	12,979	120,415	0.81%	\$285.0
Express Mail	21,374	4,729	26,103	0.18%	\$61.8
Mailgrams	166	11	177	0.00%	\$0.4
Second-class mail:					
Within county:	23,499	13,610	37,109	0.25%	\$87.8
Outside county:					
Reg rate pub	223,671	108,288	331,959	2.24%	\$785.7
Nonprofit pub	59,624	34,191	93,815	0.63%	\$222.0
Classroom pub	1,856	913	2,769	0.02%	\$6.6
Total Second	308,650	157,002	465,652	3.14%	\$1,102.1
				0.00%	
Third-class mail:					
Single piece rate	25,799	1,149	26,948	0.18%	\$63.8
Bulk rate-reg					
Car presort	716,279	259,640	975,919	6.58%	\$2,309.9
Other	809,641	304,392	1,114,033	7.51%	\$2,636.8
Total regular	1,525,920	564,032	2,089,952	14.08%	\$4,946.6
Bulk rate- nonprof					
Car presort	46,962	13,834	60,796	0.41%	\$143.9
Other	191,940	70,010	261,950	1.77%	\$620.0
Total nonprof	238,902	83,844	322,746	2.18%	\$763.9
Total Third	1,790,621	649,025	2,439,646	16.44%	\$5,774.3

Worksheet C-2 (page 2 of 2) revised in response to Presiding Officer's Ruling No. R97-1/40

Distribution Key for Volume Variable Scanning Infrastructure Capital and Program Costs

(in thousands)

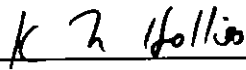
Rate category	CS 6 & 7	CS 10	Total CS 6, 7, & 10	Distribution key	Distributed amount
Fourth-class mail:					
Parcel zone rate	42,935	9,804	52,739	0.36%	\$124.8
Bound pmrt matter	51,222	10,381	61,603	0.42%	\$145.8
Spc 4th-cl. rate	27,690	5,199	32,889	0.22%	\$77.8
Library rate	4,585	1,243	5,828	0.04%	\$13.8
Total Fourth	126,432	26,627	153,059	1.03%	\$362.3
US Postal Service	13,403	1,537	14,940	0.10%	\$35.4
Free mail	3,222	671	3,893	0.03%	\$9.2
International mail	23,043	2,585	25,628	0.17%	\$60.7
Total All Mail	5,412,358	1,445,502	6,857,860	46.22%	\$16,231.6
Special services:					
Registry	7,042	2,335	9,377	0.06%	\$22.2
Certified	93,596	54,058	147,654	1.00%	\$349.5
Insurance	2,581	2,738	5,319	0.04%	\$12.6
COD	2,799	3,874	6,673	0.04%	\$15.8
Special delivery	644	219	863	0.01%	\$2.0
Money orders	0	1,233	1,233	0.01%	\$2.9
Stamped envelopes	0	0	0	0.00%	\$0.0
Special handling	0	0	0	0.00%	\$0.0
Post office box	329	0	329	0.00%	\$0.8
Other	7,971	26	7,997	0.05%	\$18.9
Total Spc Svcs	114,962	64,483	179,445	1.21%	\$424.7
Attributable	5,527,320	1,509,985	7,037,305	47.43%	\$16,656.3
Other	5,934,155	1,867,077	7,801,232	52.57%	\$18,464.4
Total Costs	11,461,475	3,377,062	14,838,537	100.00%	\$35,120.7

Notes

¹ See USPS-T-5, Workpaper B.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.


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